



STATE OF WASHINGTON  
**WASHINGTON STATE BOARD OF HEALTH**

*PO Box 47990 • Olympia, Washington 98504-7990*

July 12, 2006

TO: Washington State Board of Health Members

FROM: Craig McLaughlin, Executive Director

SUBJECT: **BUDGET AND STAFFING REVISIONS FOR 2006-07 AND BOARD REPRESENTATION ON HEALTH DISPARITIES COUNCIL**

**Summary**

Second Substitute Senate Bill 6197 established the Governor's Interagency Council on Health Disparities, which is to be staffed by the State Board of Health as well as anyone the Office of Financial Management assigns. The bill also requires that the Board develop a process for conducting "health impact reviews," which would determine whether a proposed bill or budgetary change would be likely to reduce or exacerbate health disparities.

The supplemental budget for State Fiscal Year 2007, which began July 1, 2006 and continues through June 30, 2007, contained two provisos specific to the Board. One allocated \$173,000 and 2.0 FTE for staffing the Council, and another allocated \$119,000 and 1.1 FTE for conducting the health impact reviews. When money for the Department of Health administrative overhead is deducted, the new funding for the Council and the reviews comes to \$165,215 and \$104,294 respectively. The Board also received \$2,621 to help cover unfunded liabilities in the state pension plan. These supplemental allocations are on top of \$506,356 allocated to the Board in the biennium budget passed by the 2005 Legislature.

One purpose of this agenda item is to brief the Board on the revised staffing plan and revised budget for 2007 that I developed in consultation with the Chair (see Discussion section below).

In addition, the Board will need to determine who will represent it on the Council (2SSB 6197 lists the Board as one of the agencies with seats on the Council). The representative could be a staff person or a Board member, but the recommendation from staff and the Committee on Health Disparities is that it be a Board member. The revised budget contains funding for Board member per diem and travel for Council meetings. The Council will likely meet three times a year in the Olympia area. Council members may also choose to participate in advisory committees, which are required by the authorizing legislation.

**Recommended Board Action**

I recommend that the Board appoint a member to represent it on the Governor's Interagency Council on Health Disparities.

## **Discussion**

Policy initiatives that require new funding to implement must be supported by corresponding allocations in the state budget. Second Substitute Second Bill merged two different bills—one creating the Governor’s Interagency Council on Health Disparities and one establishing a process for health impact reviews. The corresponding budget allocations appeared as provisos 33 and 34 in Section 221 of the supplemental budget bill, Engrossed Substitute Senate Bill 6386:

**(33) \$173,000 of the general fund-state appropriation for fiscal year 2007 is provided solely for the state board of health to provide staff support to the governor's interagency committee on health disparities, as provided in Senate Bill No. 6197. If Senate Bill No. 6197 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.**

**(34) \$119,000 of the general fund-state appropriation for fiscal year 2007 is provided solely for the state board of health to conduct health impact assessments, as provided in Senate Bill No. 6197. If Senate Bill No. 6197 is not enacted by June 30, 2006, the amount provided in this subsection shall lapse.**

These amounts were based on fiscal notes submitted by Board staff and the Department of Health. Based on those fiscal notes, the Office of Financial Management allocated new FTE, giving the Board 2.0 FTE to staff the Council and 1.1 FTE to develop health impact reviews during fiscal year 2006-07. The Legislature will meet for a long session during 2007. The assumption is that staffing and budget for preparing health impact reviews will be less during years when the Legislature convenes for a short session.

Because the Department of Health has many federal grants, it must show that it is charging for administrative expenses across all programs, even those that are not federally funded, and the method for calculating overhead must conform to federal standards. The Department incurs many costs associated with support it provides to the Board, not all of which are charged to the Board. It supplies budget management and human resource services, for example. When the Department’s administrative costs are deducted from the supplemental allocations, the amounts available to the Board are reduced to \$165,215 for the Council and \$104,294 for the reviews. That leaves the Board with a total budget for FY 2007 of \$778,486 (see chart)

State Board of Health (carry forward from biennial budget)	\$506,356
Governor’s Interagency Council on Health Disparities	165,215
Health Impact Reviews	104,294
Pension Plan 1 Unfunded Liabilities	2,621
<b>SFY 2007 Total Allocation (less administrative overhead)</b>	<b>\$778,486</b>

Expenditures for each of the three areas of activity must be tracked individually using distinct budget codes.

Working with the dollars and FTE allocated, and working from a set of assumptions that derived from the fiscal note submitted to the Legislature, I have developed a staffing plan. This plan has been shared with current Board staff, the Chair, Department of Health fiscal staff, legislators, legislative staff, and the Governor's staff.

One of the first assumptions that went into the staffing plan was that the work of supporting the Board and the work of supporting the Council would be integrated. The communications consultant, for example, would publicize the meetings of both bodies, and the executive assistant would oversee meeting planning for both. As executive director, I would supervise the staff of both. This would require that existing Board staff time be allocated to these new projects, which would also mean the Board would need to have that time "made up" somehow. The solution was to apportion staff time for all positions in a manner consistent with the workload, the budget for each activity area, and the FTE assigned.

The second assumption is that new staffing would be added in a manner consistent with the fiscal notes. There were originally two fiscal notes submitted, one for SB 6197 that would have established the Council and one for SB 6195, which created the health impact review process. SB 6195 did not pass but was incorporated into the enacted version of SB 6197. The budget provisos derived from these separate fiscal notes.

The original fiscal note for SB 6197 called for adding a full-time policy analyst to serve as staff coordinator for the Council. This position likely would be classified as a Health Services Consultant 4 (HSC4), and would operate in a team with the other HSC4 policy analysts (Ned Therien and Tara Wolff). The SB 6197 fiscal note also provided a Secretary Senior to help plan the Council's meetings and provide administrative support for its activities.

The original fiscal note for SB 6195 provided for a 1.1 FTE during years with longer legislative sessions. This includes 0.1 in administrative support from a Secretary Senior and a full-time analyst or two half-time analysts who would respond to request for health impact reviews. This position will probably be classified as an HSC3 or HSC2. For the first year, the assumption is that this analyst would be hired full time throughout the year to prepare for the first legislative session. She or he will have to develop policies and procedures for requesting reviews, develop advisory groups that could help with rapid responses sensitive to community needs and experiences, and develop a resource library. This position may go to part time next fiscal year.

This would add three new staff to an existing staff of five people (5.5 allocated FTE). A final assumption is that a span of control for the executive director of eight is starting to get unmanageable. I am therefore proposing that the Executive Assistant supervise the Secretary Senior and the HSC4 assigned to the Council supervise the person or persons preparing health impact reviews. The assumption is that the Council would meet during the second, third, and fourth quarters of the calendar year. During the first quarter, when the Legislature is in session, the new HSC4 would work with the HSC3/2 to develop reviews as a team. The HSC4 would be accountable to the executive director for both projects. A copy of the proposed organization chart is attached.

The Board staff of eight people (8.6 allocated FTE) would be apportioned as follows:

<b>Position</b>	<b>Board</b>	<b>Council</b>	<b>Reviews</b>
Executive Director	.75	.20	.05
Executive Assistant	.75	.20	.05
Communications Consultant	.80	.20	.00
HSC4 Analyst (EH and CD)	1.00	.00	.00
HSC4 Analyst (Prevention)	1.00	.00	.00
HSC4 Analyst (Health Disparities)	.15	.65	.20
HSC3/3 Analyst (Health Impact Reviews)	.30	.00	.70
Secretary Senior	.40	.50	.10
Board member compensation	.29	.03	.00
Council public member compensation	.00	.04	.00
Supply Clerk	.02	.00	.00
<b>TOTAL</b>	<b>5.46</b>	<b>1.82</b>	<b>1.10</b>

The apportionment assumes that the new positions would use some of their time to support traditional Board activities. This would offset the time existing Board staff would devote to support Council activities and health impact reviews.

This new budget and staffing plan has some unintended but significant benefits for the ongoing operations of the Board. The Board budget has been very tight for the last couple years, due to a series of budget cuts from 2001 through 2004 and additional costs incurred with the move to the new Department of Health offices. The Board simplified its staffing plan and reduced FTE to below allocated levels. It reduced its budgets for items such as staff and Board training and development, attorney general support, equipment replacement and travel to below sustainable levels, closing the gap with salary savings from vacant positions.

When the Board moved into its new offices, it occupied a space that was equivalent to 11 work stations, even though it had only five permanent staff. Rent and other charges are allocated based on work station equivalents, so the Board was carrying a disproportionately high overhead cost. With eight staff, the Board can make much more efficient use of existing space. It can also apportion other costs (including salaries and benefits) across three budgets. This will allow the Board's budget (exclusive of the Council and health impact reviews) to restore funding for travel, training and development, communications, legal support, and other activities to more realistic levels.